



Examiners' Report

June 2023

GCE Business 9BS0 01

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Introduction

This report is designed to give feedback and guidance to teachers and candidates by providing exemplified responses from candidates in the 2023 series. This report can be used for general reference and as a teaching and learning aid in the classroom. Comments and tips are designed to help candidates and centres understand our overall assessment approach, as well as identifying tips for improvement.

2023 was the first year where extracts were separated from answer booklets. This seems to have been successful.

Question 1 (a)

This question, based on the data in Extract A, invites candidates to explain how income elasticity of demand could be used to understand demand for Deliveroo. 'Calculate' was not used as the command word, so it was not essential for candidates to do this in order to secure full marks. However, some candidates chose to do the calculation, and were rewarded if they did so accurately. Other candidates chose to use the figures as in the extract to support their explanation of income elasticity of demand.

- 1 (a) Using the data in Extract A, explain **one** way demand for online food deliveries is affected by income elasticity of demand.

(4)

The income has fallen by -0.64%. which suggests a higher level of unemployment. This suggests consumers will have less disposable income to spend on a luxury item like online food deliveries. Rather than may look to purchase cheaper alternatives like purchasing from a low priced ~~great~~ food shop like aldi. As when income falls the demand for inferior goods rises. Although we can see from the case study the % change of quantity has risen by a significant amount of '49.73%' which may imply the purchases of inferior goods supplied by deliveroo has risen.

$$\frac{\% \text{ change } Q}{\% \text{ change } I} = -153.8$$



ResultsPlus Examiner Comments

This response uses the extract well, quoting data from it, and commenting on its implications for the business. The candidate has used accurate terms such as 'inferior good', which is an important specification term to describe income elasticity of demand. At the end of the response the candidate also calculates the income elasticity of demand accurately. This is one way of securing the application marks.

This response achieves 4 marks.



ResultsPlus Examiner Tip

In a question beginning 'using the data in extract...' make sure you do use the data. In this case it could be by quoting from the extract and then interpreting what that data shows, or it could be by doing a calculation. The questions are targeted at some of the quantitative skills, so it is important to include quantitative information, to achieve good marks.

Question 1 (b)

Q01(b) tests candidates' understanding of financial methods of motivation, in this case commission. A significant number of candidates confused commission, paid as a percentage of the order (sales) value with a bonus, which is a different monetary reward. In most cases candidates were able to use examples from the extract to gain application marks.

- (b) Explain **one** reason food delivery apps, such as Deliveroo, pay their workers commission.

(4)

Commission is when the worker is paid a small percentage of the revenue of a sale. Paying the ~~riders~~ workers commission will help deliveroo to motivate their workers, as confirmed by Taylor's scientific theory that money motivates. This is due to the belief shared that "time is money" and that the quicker the riders work, the more pay they will receive in a day. Furthermore "riders who do not reach the customer within a specified time, have 50% of the order value deducted from their pay." They will help motivate as the workers do not want to lose money.



ResultsPlus
Examiner Comments

This response gains full marks by clearly explaining what commission is, and uses the information in the extract to support the explanation. Although it includes reference to Taylor's motivation theory, this is not necessary in this case. The response focuses on payment being based on a percentage of the order value, explaining how this can be motivational for the riders.



ResultsPlus
Examiner Tip

Be clear about specification key terms. In this case the difference between commission, which is payment based on a percentage of sales, rather than a bonus payment for each sale, which is different.

Question 1 (c)

Emotional branding is a specific area of branding, and one which many candidates found challenging to explain. There are examples in the extract referring to 'moments of joy' and other emotional responses from customers. The best responses used these examples to support their chains of reasoning. The key to successfully answering this question is to link knowledge of emotional branding to the points in the extract that link to customer emotions. Using these examples will help achieve application marks.

It was quite common for candidates to not offer counter-balance in their answers, despite the command word being 'assess'. All questions of 10 marks or more require candidates to provide counter-balance to achieve the highest level marks.

(c) Assess the likely importance of emotional branding to Deliveroo.

(10)

Emotional branding is the use of advertising to emotionally appeal to customers in order to generate sales.

Emotional branding is likely to be beneficial for Deliveroo. According to market research, consumers had consistent views about "food happiness" and that takeaway is a "moment of joy". So in order to appeal to customer needs and wants Deliveroo should implement emotional branding such as a TV advert of a family, reuniting, sharing a takeaway after a long time of being apart. This method may allow Deliveroo to differentiate from ~~competitors~~ such as Uber Eats and just eat who don't use emotional branding which will allow them to gain customers from these competitors which will also increase market share. This is important as price is often set by the local restaurants and major chains, not Deliveroo so these delivery services are less able to compete on price which is why ^{Deliveroo} they should differentiate using emotional branding.

On the other hand, enclosed branding especially on TV and billboards is expensive. This will significantly raise costs per delivery. Although it is less likely for other delivery services to compete on price as it is set by the restaurant, these high costs ^{*which means they will be less price competitive} may still result in a portion being passed on to consumers as well as workers. Workers may see a decrease in the fees they are paid for each delivery which may cause them to lose motivation. This will result in worse quality ^{*such as being a long delivery or being rude to customers} and therefore decreased customer satisfaction. ^{With an overall} Overall leads to a bad brand reputation causing customers to switch to rivals like eat and just eat.

Overall, enclosed branding should be used by delivery as it has shown to successfully increase brand awareness - doubling it from 3.1% to 6.6%. However, in order to prevent a bad reputation and poor quality the delivery should ensure to keep workers motivated, if not financial incentives due to high costs of delivery, then non-financial incentives (job enrichment) in order to compete with rivals who have better quality and customer satisfaction.



This candidate uses the extract well, supporting their explanation of emotional branding with accurate examples such as 'moment of joy' from the extract. There is also a strong appreciation of how this fits Deliveroo's business model. There is good counter-balance from the discussion on costs and how these may limit emotional branding's importance as part of Deliveroo's marketing.

This response scores 10 marks.



Read the whole of an extract to support application in your answer. In this case, 'emotional branding' was not mentioned in the same sentence as 'food happiness'. The other examples that provide opportunities for application and applied chains of reasoning appear later in the extract.

Question 1 (d)

Candidates showed good knowledge and understanding of secondary market research data. However, we did see a number of descriptive, generic responses, not applied to Deliveroo. It is also important to try to provide counter-balance in a question like this, so that the value of secondary market research data can be assessed.

Market research is valuable to most businesses at some stage in its development. In the case of Deliveroo, it had commissioned research to judge how successful its recent marketing had been, and the perceptions of consumers regarding the Deliveroo brand. The focus of the question is secondary research and the overall value to Deliveroo of the data gained from this category of research. The counter-balance could come from a comparison to primary research, but there are other ways that the counter-balance marks can be secured. These might include reasons such as secondary data becoming out of date.

(d) Assess the likely value of secondary market research data to Deliveroo's marketing.

(12)

Secondary market research is the collection of data that is already in existence in some form. Deliveroo has made use of secondary data from the YouGov Brand index market research agency has identified that the new marketing increased it's awareness from 3.1% to 6.6%. The value of secondary market research may be immense to Deliveroo's marketing as using research marketing agencies which are specialists in the collection of data will increase the reliability and accuracy of data. This is imperative as Deliveroo's marketing will only be as effective as the research it uses to decide on what advertisement and promotional methods to use. If Deliveroo were to conduct the research themselves, they may collect unrepresentative or biased data which could not only limit the effectiveness of it's marketing, but damage it if it incorrectly anticipates it's customer wants and needs, which in turn could reduce sales volume.

Furthermore, secondary market research data will likely be more ~~expensive~~ cost-effective and less time-consuming than if it were to gather, present and analyse the data itself. By using data

that already exists, Deliveroo can focus on its core activities such as how to improve its marketing based on the data it has collected, therefore improving its brand image which should increase its ability to charge premium prices and develop customer loyalty. Furthermore, secondary data can be cheaper than conducting primary research. If Deliveroo were to use focus groups or consumer interviews to collect primary data, this could be very time-consuming and expensive. Therefore, using secondary market research may be extremely valuable to Deliveroo as it enables it to focus on core activities which should increase the quality of its marketing, especially if it has a bigger budget to spend on promotions if costs are saved by not using primary data.

Although, perhaps secondary data will have little value to Deliveroo's marketing as primary research may be more beneficial. By looking at the customer ratings left on Deliveroo's app, it can analyse the satisfaction of its customers such as what it is succeeding at and failing at. This may be more valuable to Deliveroo as it would tell them directly, the needs and wants of its customers rather than secondary research data.

which may provide information on the delivery food market as a whole.

Furthermore Deliveroo

In conclusion, I think Deliveroo will find secondary market research data highly valuable as it is likely to be more accurate. This will enable Deliveroo to market more effectively and focus on its promotions and price strategies rather than conducting primary research itself. Deliveroo's objective is to convince customers to order from them instead of competitors and to do this they need effective advertising campaigns. Using specialist data from marketing agencies should enable Deliveroo to do this so secondary research data is very valuable to their marketing strategies.



ResultsPlus
Examiner Comments

The candidate in this response has a secure knowledge of secondary research data, and supports this with relevant examples from the extracts. Data is quoted and the value that this data gives Deliveroo is explained clearly. There is also some wider development of how Deliveroo might act on this data to improve its marketing. Importantly, there is counter-balance to the response, with the limitations of secondary data explained. There is also a developed judgement, supported well by wider reference to Deliveroo and its overall objectives.



ResultsPlus
Examiner Tip

Avoid generic answers that are not applied to the business in question. The examining team saw a number of general answers that could have been applied to any business. Use the extracts to develop your applied responses.

Question 1 (e)

Taylor and Herzberg are two of the prominent motivational theorists in the course specification. This question tests candidates' ability to apply knowledge of these theorists to the example of Deliveroo delivery riders. The extract supported some of the findings from research that could be used in the justification of choices.

It is important to note that this question is not a choice between monetary and non-monetary rewards. Some candidates took this to be the case, and as a result could not show their wider understanding of the theorists. This is particularly the case with Herzberg who suggested that basic monetary rewards are hygiene factors, while non-financial rewards such as job enrichment are motivators.

A number of candidates mixed up the theorists, or included information about Maslow or Mayo, which was not what the question focused on.

Overall, the 20 mark questions were both approached well. Candidates seemed to be managing their time effectively, so that enough time was available to complete developed answers. Remember that the number of lines included in the answer booklet is more than candidates would be expected to write for a good answer. The extra space is to allow for planning, correcting of errors, or in a small number of cases, large handwriting. Candidates should not be concerned if they do not fill all available lines.

In order to improve the motivation of delivery riders, Deliveroo could adopt the motivation theories of FW Taylor or Frederick Herzberg.

- (e) Evaluate these **two** options and recommend which one is more likely to improve the motivation of Deliveroo's delivery riders.

(20)

FW Taylor's motivation theory is based around the fact that employees will be satisfied with money. In comparison, Frederick Herzberg's motivational theory is centered around the concept of hygiene factors, and dissatisfaction factors. In this essay, I will evaluate which one of these motivational theory is more likely to improve the motivation of Deliveroo's delivery riders.

FW Taylor's motivational theory is centered around the fact that employees are satisfied with monetary awards, and are less concerned about wellness factors, such as that of Mayo. One of the financial incentives employed at Deliveroo for delivery riders is the concept of commission on top of the fee that they are paid for delivery. This is a motivation for riders because the more deliveries they achieve, the more commission that they receive. As a consequence, the riders at Deliveroo may be considerably more efficient and productive - as at Deliveroo, the concept is that 'time is money'. Fast delivery times will help to build Deliveroo a strong and positive brand image as their riders are so highly motivated. This may build a ~~great~~ strong reputation for Deliveroo and this may encourage 'switchers' - which Deliveroo are focusing on in their marketing strategy. To change from competitor such as Uber Eats and just eat to Deliveroo. This creation of competitive advantage over competitor will help to increase Deliveroo's customer base, and, as a consequence their revenue levels.

However, this focus around wages and salaries as financial motivators may increase the pressure and the stress of deliveries for Deliveroo riders. Some riders may not reach the customer within the specified time and this leads to 50% of the order value being deducted from the rider's pay. As a consequence, the morale of employees may become low and the customer service that riders offer may be negatively affected. With a bad customer experience, consumers may be less inclined to make repeat orders at Deliveroo and this will subsequently damage their customer loyalty.

Frederick Herzberg's motivational theory is now based around his concept that there are factors which serve to satisfy employees, and those that work to dissatisfaction employees. The satisfaction factors are called hygiene factors and these include factors such as job enrichment and engagement. At Deliveroo, this is supported by the concept of the flexibility to choose working hours. Experienced riders can choose for how long they would like to make deliveries and as a consequence they will be more satisfied in their role as a rider. Therefore they may be more motivated to make more deliveries and this will again improve Deliveroo's reputation and public image. However, dissatisfaction factors such as poor wages and poor working conditions are also present at Deliveroo. Tops are insecure at Deliveroo and this may make Deliveroo-drivers stressed about losing them and this may negatively affect their work performance. Delivery apps place power in the hands of the customer and therefore job dissatisfaction can be caused. If they receive negative customer ratings they may in the future be assigned less deliveries and this will have a negative impact on how much commission they receive. This will lead to demotivated riders.

However, there are also extra factors which can be very motivational for Delvers' roles not concerned with the Frederick Herzberg Theory. Delvers may be able to use some Mayo motivational theory like other competitor businesses and use weekly reward programme, as well as use job rotation as a form of career progression. This may be more effective than focusing on the hygiene factors of the Herzberg motivational theory.

In conclusion, I think that Delvers should adopt a F.W Taylor Theory of motivation approach in order to improve the motivation of delivery roles. This is because it will mean roles may be in need of urgent cash and the demographic from which they come, such as potentially unemployed, will be focused mainly on money. This may also be a second job for them and so they will be mainly concerned with how much money they can earn. However it depends upon how ^{many} deliveries they are subject too as stores may build up so much that they cannot effectively perform their job. The market of takeaways is highly dynamic and so Delvers need their roles to be as automated as possible. I didn't choose Herzberg because I feel that Delvers' roles may be more financially motivated rather than the concept of hygiene factors and I think that this is the most important part to make.



This response is a strong blend of accurate knowledge of Taylor and Herzberg, application to Deliveroo riders and their context, as well as developed analysis of how and why these theorists are relevant to this business and job. A particular strength is the distinction between hygiene factors and motivators in the paragraph on Herzberg.

The recommendation is supported by reference to the nature of the workers doing the job and their circumstances. This extract information has been used effectively to support an argument for Taylor's approach.



Having discussed the advantages and disadvantages of each option for a business, support your recommendation with something from the wider context of the business that justifies that recommendation. In this case, riders being in 'urgent need of cash', which part of Taylor's scientific management theory advocates.

In order to improve the motivation of delivery riders, Deliveroo could adopt the motivation theories of FW Taylor or Frederick Herzberg.

- (e) Evaluate these **two** options and recommend which one is more likely to improve the motivation of Deliveroo's delivery riders.

(20)

FW Taylor's Scientific management includes finding the best of the employees and seeing how they work efficiently, and then having other employees follow their work whilst also breaking down tasks into small repetitive tasks that can be done easily and quickly. If applying this motivational theory to Deliveroo, that would mean giving riders likely shorter routes to deliver on that can be done quickly and repeatedly. Because of this orders are likely to be received by customers efficiently so riders can get back to their next delivery as soon as possible, this can lead to an increased efficiency by riders that can ensure they feel fulfilled in their role and more motivated because of this. However the continuation of the same task repeated over and over again constantly might be efficient and motivating for a while, but new not fully trained riders or those who have

been doing the task for a long time might grow tired of its repetitiveness and instead feel less motivated than before.

Frederick Herzberg's Theory may prove practical for Deliveroo delivery riders and their motivation because of the involvement of job enrichment making them feel a sense of responsibility for their work, along with appropriate conditions at work such as good breaks and already in place commission that can all be a factor in keeping the employees motivated at Deliveroo. The addition of job enrichment at Deliveroo can come with job enlargement also, by giving the employees more responsibilities, such as their own freedom of deliveries, workers are likely to feel more sense of satisfaction in their role at Deliveroo. On top of this feeling enriched by your work also improves motivation, by giving riders many constantly different routes to drop-off or, employees can feel like every delivery is much more

unique than a constant similar road they're on all day. Because of this enrichment and enlargements of roles, delivery riders at Deliveroo can feel their own sense of independence from the company and more responsible to complete the jobs assigned to them each leading to a growth of motivation from the riders at Deliveroo and therefore with the increased freedom, and motivation from that employees are more productive and efficient also. However this freedom from Deliveroo could become misused by some, especially with not being in one set workplace, employees might feel as if they're free to do as they want by taking long breaks or doing purposefully slow deliveries.

To conclude my evaluation of both FW Taylors and Frederick Herzberg's motivational theories, whilst Taylors could prove to grow efficiency in the workplace by simplifying tasks, after time goes past this could prove to become unmotivating for some due to the repetitiveness of

Tasks given, Herzberg's Theory could be more beneficial for Deliveroo than his to the already existing commission and slight sense of freedom to work. With a growth in responsibility but also freedom and job satisfaction, this could be the most beneficial way to motivate and keep motivation high for employees, however they would have to be careful not to give too much responsibility or else it may be mistreated.



ResultsPlus Examiner Comments

This response is similarly well-written, however the recommendation/judgement is not as effectively developed. The recommendation repeats some of the previous argument and does not support a position based on something else about Deliveroo or its workers that could justify the recommendation.



ResultsPlus Examiner Tip

To 'recommend' means to give a definitive judgement of the appropriate option, justified by something that may not have been fully explained elsewhere in your argument. This may be from the business' Market, Objectives, Products, or Situation.

Question 2 (a)

Calculating PED has proven to be challenging to candidates in the past, but this question was answered well overall.

Candidates that did not gain 4 marks did so because a) they attempted to calculate a percentage difference (not required) or b) the data was inverted, so the calculation was erroneously completed as percentage change in price/percentage change in quantity.

For PED it is not essential to express the answer with a negative sign to achieve full marks.

- 2 (a) Using the data in Extract D, calculate the difference in Price Elasticity of Demand for PlayStation 2 and the Xbox. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$PED = \frac{\% \text{ change demand}}{\% \text{ change price}}$$

$$\text{Playstation 2} = \frac{-2.10\%}{-0.59\%} = -3.559$$

$$X\text{-box} = \frac{-4.47\%}{-1.47\%} = -3.040$$

$$\text{difference} = \text{playstation 2 PED} - X\text{-box PED}$$

$$= (-3.559) - (-3.040)$$

$$= -0.519$$

$$= -0.52$$



ResultsPlus
Examiner Comments

This response clearly presents each stage of the calculation and shows the correct answer expressed to two decimal places, as required by the question. In this case the answer is expressed as a negative figure, although this is not essential to secure the mark.



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Examiner Tip

Showing your working stage by stage maximises your chance of gaining marks. Although you do not have to show working (you could get 4 marks for a correct answer), the working could help you achieve some marks if your answer is incorrect.

Question 2 (b)

Global niche markets is a specific part of the theme 4 specification, and distinct from general niche markets, part of theme 1. Responses suggested that many candidates did not understand global market niches, focusing on more general responses and in so doing, not achieving the higher marks. There was a particular extract to support application in candidate responses.

- (b) Explain **one** reason why global niche markets may be important to a games developer, such as Sukeban Games.

(4)

Global niche markets are a combination of smaller niche markets from different countries. This may be important as there may not be enough demand for games in a single geographic market. It ~~opposite~~ ^{also presents} an opportunity to use economies of scale as producing games for multiple countries becomes more cost effective rather than just one. Therefore global niche markets are important for games developers as they expand their customer base allowing them to generate more sales and can minimise cost which would increase profit per sale and competitive advantage can be achieved.



This top response shows a clear understanding of 'global niche', explaining its meaning in the opening segment. The analysis, explaining how a global niche makes selling a specialised product viable, is also strong. Plenty of application from the Sukeban games example too.



ResultsPlus
Examiner Tip

Learn the key terms in the course specification, so that you can show an accurate definition of them in a short answer such as this. In this case 'global niche market' rather than just 'niche market'.

Question 2 (c)

Many candidates answered this question well, using the information on the Japanese economy and its suitability as a production location, to justify Sony's decision. The best answers showed appreciation of what a 'good' ranking is and how this could potentially impact on Sony.

A surprising number of candidates misinterpreted the data, or the ranking. For example, some candidates thought that unemployment of 2.7% was 'high' and that this meant that workers would choose not to work for Sony. Some candidates also used the term 'off-shoring' referring to locating in Japan, perhaps thinking about it from a British or European perspective, instead of recognising Sony as a Japanese business.

The best responses to this question took information about Japan and explained its implications for Sony choosing it as a production location.

- (c) Using the data in Extract F, assess Sony's decision to manufacture the PlayStation 5 in Japan.

(10)

Sony manufacturing in Japan to ~~mean~~ create the PlayStation 5 is beneficial in a number of ways. In such a ~~cost~~ saturated market, differentiation and a USP is key in establishing high market share. This could be accessed in Sony through manufacturing in Japan as innovation in 13th in the world indicating a high skilled workforce. High skilled employees are vital to Sony in ~~producing~~ manufacturing a console which has high quality, with function being vital to its success. The higher quality product would add value to the PSS, allowing Sony to charge higher prices and attempt to become a successful price leader within the market.

However, the availability of labour is an issue as unemployment is just 2.7% with the average wage being \$41,352. This would mean production costs would be high for Sony as the availability of staff is low and they require a high skilled workforce, therefore wage costs would have to be high as to attract these high skilled employees. These increase in overall costs could be harmful and would require substantial investment.

To conclude, Sony's decision to manufacture in Japan is a good one. In a market still experiencing growth and with such a large number of customers worldwide (2.2 billion), quality is vital in the success of the PS5 and an increase in global competitiveness something which is assisted by the high skilled labour force, though labour costs are high.



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Examiner Comments

This excellent response highlights that Japan is high in the innovation and competitiveness index, and that this would support development of the Playstation 5. As invited by the command word assess, there is also strong counter-balance in the response. In this case, the low unemployment rate Japan has may limit the availability of labour, or require Sony to increase wages which could prove costly.



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Examiner Tip

When aspects of an economy are ranked, think 'what is a good ranking' and 'what does this mean for the business?' In this case 13th, when there are nearly 200 economies in the world, suggests that Japan is well-placed as a location for innovation.

Question 2 (d)

This 12 mark assess question was generally not completed as well as expected. A large number of one-sided answers, with no counter-balance were seen. Candidates used the extract well to apply aspects of transport and communication to their analysis, but many did not go on to provide alternative explanations for globalisation's growth in this market.

There are several factors that have contributed to increased globalisation, including transport and communication.

- (d) Assess the likely importance of transport and communication for the increased globalisation of the computer games market.

(12)

Transport and communication may refer to the factors such as increased online exchange and a but also advancements in distribution like things like containerisation and air freight. Globalisation refers to the increased interconnectedness of the world.

These factors are important as computer games have grown to become globally multiplayer through the development of technology and the internet. People have now join "online communities" that can be made up of huge quantities of global game players on consoles themselves or social media sites like Discord. Purchases can be made online through game stores on these consoles like "Playstation store which allows users to buy games ^{downloaded} from all over the world. Majority of games work on a heavily ~~or~~ online and globally integrated scale and is very standard for users which makes internet communication a huge factor for globalised gaming.

However, matchmaking on games on servers are usually done nationally which means even if "a gamer in the US can play with someone in Japan", they are usually placed in games with people in their own country.

Communication is still a huge factor however considering

the future of the market. Once being "non-internet devices" are now taking a "global approach" in which "2.2 billion" people had access to "online communities".

Transport and the distribution of consoles has increased globalisation of computer game as ~~distribution chain~~ technological development in distribution like air freight and containerisation allowed for these products to reach global markets like ranging from "china, japan" to "UK and Germany". This wide scope has increased the ~~level~~ of size of this global market.

However, nowadays we see "digital distribution" gaining popularity as it offers convenience.

Overall, both factors have led to increased globalisation and the last other factors should be taken into account like political change and how that's influenced places like China to liberalise their computer games market.

Transport and communication has however fuelled the growth of this market exponentially and has diversify into new methods like digital distribution.



ResultsPlus Examiner Comments

This response scores 5 marks and is typical of many responses seen. It is a very well-written, but one-sided answer. In this case it strongly supports transport and communication as being important factors in globalisation of the computer games market. However, despite the command word being 'assess' there is no counterbalance in the response.

This counter-balance could be achieved in one of two ways. Some successful candidates chose to explain why transport and communication was not a factor, perhaps because of technology and the distribution of games via the internet and cloud computing. Other successful responses focused on alternative reasons for the growth of globalisation, such as the removal of trade barriers between different economies.



ResultsPlus Examiner Tip

Remember that any question of 10 marks or more on this paper invites counter-balance.

Question 2 (e)

This question focusses on whether Sony should adapt their controllers to local markets such as Japan, or use universal controllers in all markets. The extract provides lots of context for candidates to use to support responses.

Many candidates chose to use terms such as ethnocentric and geocentric approaches, which although relevant were not essential to achieve the top marks in this response. Some candidates chose to recommend a compromise position, which in this case is not answering the question and would limit the evaluation marks achieved.

Sony could have either produced a standardised controller for sales in all countries or adapted the controller to the culture of local markets in order to maximise PlayStation 5's sales.

- (e) Evaluate these **two** options and recommend which one Sony should have taken to maximise PlayStation 5's sales.

(20)

Sony could choose to produce a standardised controller for all the countries, something that Sony has already decided to do in extract G. This could be beneficial for the console manufacturer as producing a standardised product can help Sony to maintain consistency in its video game controllers across the world, helping to adopt an ethnocentric strategy. This can help to reduce the average costs of manufacturing the controller as they won't need to change the production process, enabling Sony to produce in bulk / large quantities which can increase the bulk economies of scale. This can help to reduce the average costs, giving Sony more capital to invest in promotional marketing such as advertisement which could increase product its PlayStation 5 awareness compared to Microsoft, helping a better brand awareness in lucrative markets such as China, South Korea and Germany which can thus help Sony to increase the sales of its PlayStation across the world.

However, a standardised controller can cause problems as cultural and social factors are not taken into account. For example, the size of hands of people in countries differ so if a standardised controller is introduced, many gamers may not get the same comfort and customer experience that they expect from a highly known brand such as Sony. This could cause ~~customer~~ sales to divert to other game console manufacturers such as X-Box that may take into account local needs of customers. Therefore, a standard controller could potentially decrease the PlayStation 5's sales in countries where the standard controller cannot be used comfortably. This could also create a negative brand image, reducing customer loyalty for Sony.

On the other hand, Sony may choose to adapt the controller to the culture of the local markets. This polycentric approach could be a huge success as it caters to the needs of gamers using local preferences, helping Sony become market orientated which adds value to their consoles, giving the PlayStation 5 a competitive advantage. For example, as Sony uses the circle and cross symbol

differently in Japan and other countries to reflect local culture it could acquire a positive brand image. This can help to increase the demand for the PlayStation 5, consequently increasing the level of sales which can help Sony to maximise revenue and improve profitability. Adapting to local cultures is an effective way for Sony to show its respect for geographical locations and this can harbour customer loyalty which insures gamers purchase the PlayStation 5, irrespective of price, thus maximising sales.

However, adapting to local needs can be a relatively expensive process. Sony may need to carry out intensive market research to understand local, cultural and social differences and may require to change its production processes to meet the needs of the local customers. This could increase the average costs per unit as Sony may need to manufacture very batch production. This can increase the overall cost of production so prices may have to increase for the PlayStation. If gamers do not afford high, premium prices that Sony requires, it could decrease

the levels of sales made by Sony for the PlayStation 5 thus negatively impacting its sales volume and sales revenue.

In conclusion, I strongly believe that Sony should adapt its controllers to the culture of the local markets to increase its sales. As the gaming industry is heavily competitive where games care more for the features and functions of the device, adapting to local needs (glocalisation) could enable Sony to differentiate and stand out from competitors such as X-Box and Nintendo. As global PlayStation users have grown beyond 100 million, adapting to local preferences can help Sony to acquire more sales by building customer loyalty. However, this depends on how much the cost of production increases by as Sony needs to maintain an optimal level of price to encourage sales sales in cost emerging economies such as India or Brazil where gamers may judge on the basis of price ~~or~~ due to disposable income. This can help Sony to maximise sales for its PlayStation 5.



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Examiner Comments

After an accurate and thorough evaluation of both options: adapt to local markets, or produce a one product for all markets, the recommendation in this response is strong and developed.

Of particular note is the link to sales maximisation (asked in the question), and a wider appreciation of the market Sony competes in, and the size of this. Differentiation is recommended as a means of helping Sony to stand out from competitors such as Xbox. Not all of MOPS was used, but the recommendation is sufficiently justified to achieve full marks.



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Examiner Tip

Think of the recommendation in a 20 mark question, as a separate part of your argument. Of course it will draw on some of the previous points you have made, but ideally it will go beyond these and include some other arguments that support the decision. Avoid either very brief, generic recommendations, or those that repeat the main points you have already made earlier in your answer. The MOPS framework can help here, although separate knowledge of this acronym is not expected.

Paper Summary

Based on the responses seen by the Principal Examiner and the assessment team, candidates are offered the following advice:

- Learn and understand the key terms in the specification. These can be worth up to 10% of the marks available, and will also enable candidates to unlock the requirements of a given question.
- Learn and understand the quantitative skills in the specification. Practice the calculations and how to set out working clearly. 10% of the all three Business papers' marks are for quantitative skills.
- Remember that questions worth 10 marks or more invite evaluation. The level descriptors in the mark schemes refer to counter-balance, so a one-sided response will not achieve higher-level marks.
- Please make every effort to write clearly, and legibly.
- Please use the space provided for that particular question, and avoid using the space given for other responses. Only use extra paper if the space is not big enough for your response.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

